



**The Voice of Small Business**

To: Honorable Members of the House Judiciary Committee  
From: Amanda Radaz, Assistant State Director  
Date: September 9, 2009  
Re: House Bills 5156, 5157, 5159 - 5162

On behalf of small business in Michigan, NFIB is asking you to not vote HBs 5156-57 and 5159-62 out of committee. These bills would mandate health insurance cover fertility treatments, contraceptives and pap smears – these mandates would result in a large increase in premiums for small businesses already struggling to provide healthcare for their employees.

Of most concern with these particular bills is the mandated coverage for fertility treatments. The average cost for the most common fertility treatment, In-vitro-fertilization, can cost at a minimum \$10,000 and often has to be performed many times. For a small employer, this would result in a huge increase in costs for premiums – to be paid for by both the employer and the other employees.

It is disappointing and contradictory for lawmakers in Lansing to wring their hands and proclaim their concern for the prohibitive cost of health insurance and then turn around and support policies that hike premiums on small business.

If Lansing lawmakers really want to help small business with the high cost of health insurance they should stop passing mandates that only apply to small business and pass legislation that would impose a moratorium on any new health care mandates.

For those who will still have insurance after a mandate drives up the premium, they win. But for every person that receives an incremental enhancement of their health care through state mandated coverage, there is another person who is at risk of losing their job or their health care coverage entirely. In other words, the rich get richer and the poor get poorer. Is this fair? Is this good public policy?

If lawmakers are still not convinced that mandates are shoving small businesses out of the health insurance market, then here are some more reasons why mandates are a bad idea:

- ✓ **Mandates are contributing to a crisis in health care.** The cost of health care is the fastest growing cost that a business has of all its fixed expenses – more than rent, utilities, inventory
- ✓ **Mandates take away choice.** Unfunded legislative mandates rob employers of the ability to provide the best coverage for their employees that they can afford.
- ✓ **Mandates place an unfair burden on small businesses.** Small businesses, who are least able to afford it, are the *only* ones forced to comply with mandated benefits, since large self-insured businesses are exempt by virtue of federal ERISA guidelines.

- ✓ **Mandated benefits could backfire.** Employers may be forced to cease providing *all* health benefits due to the high cost of premiums as a result of mandated benefits. New national trends tell us that the percentage of employers who are providing insurance for their employees is dropping due to staggering cost increases. Bottom line: *less people will end up with the basic health coverage they need and the number of uninsured goes up.*
- ✓ **Federal consumer protections already exist.** Federal laws already requires coverage for most benefits by businesses that can afford them.
- ✓ **Mandates force employers to make “all or nothing” choices.** Since the language provides that only employers who are already providing health insurance must expand their policies to include each legislative mandated coverage, businesses will be left with no alternative but to *drop all health insurance altogether* if they are unable to afford each expensive additional mandated benefit.
- ✓ **Mandates further price small businesses out of the marketplace.** Sharply rising medical costs already make it very difficult for businesses to provide basic health benefits – but small employers want to supply the best insurance they can afford; and they need to provide benefits to remain competitive in the marketplace. When the legislature imposes new mandated benefits, small businesses end up being forced to provide *broader* and *more expensive* health insurance than large businesses, and at a much greater cost.
- ✓ **Mandates are generally not comparable.** Supporters of each mandated benefit bill will claim that other states which have adopted similar measures have not experienced any detrimental cost increases – but in fact, legislation in each state is so unique to that state that its cost to Michigan’s small employers cannot be determined – but the effect is clear: *the rolls of the uninsured will grow as a result of new legislative health insurance mandates!*
- ✓ **A Moratorium on Mandates is the answer.** Each mandated benefit is important to the individual who needs it, and NFIB never argues the illness. It’s simply a matter of who is going to pay for it. As employers, we want to cover ourselves and our employees, but we must have the ability to provide good dependable Fords Escorts to as many people as possible, rather than being forced to provide Cadillacs to a select few – or nothing at all. A Moratorium on Mandates should be passed that would set up a system whereby an impartial third party actuarial can advise lawmakers on the actual *cumulative financial costs and effects*, rather than having each mandated benefit decided on an emotional basis.’

Please don’t put yet another burden on struggling job providers in our state – do not vote these bills out of committee.

Thank you for your support of small business.